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Financial Statement and Budget Estimates of the Mysore State, 1913-14.

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**Financial Statement of the Government of His Highness the
Maharaja of Mysore for the year 1913-14 ending 30th June
1914.**

[NOTE.—Throughout the statement the figures are given, unless otherwise indicated, in thousands of rupees omitting 000].

Preliminary Remarks.

The state budget for the year 1913-14, having received the final sanction of His Highness the Maharaja, is published herewith for general information together with this brief financial statement explaining its salient features.

2. This is the fifth financial statement of the state, the practice of drawing up an annual financial statement having been adopted with effect from the year 1909-10. Since that year, the financial statement and the state budget of which it is an explanatory memorandum are being published early in the year to which they appertain as extraordinary issues of the *Mysore Gazette*. The object of introducing this practice was to disseminate correct ideas about the financial condition and the financial policy of the state and to make a study of any aspect of the state's finances easy for public men and public bodies interested in the matter. It is satisfactory to note that there are already indications of this object having been fulfilled to a remarkable extent. As an example, the discussion on the subject of imposing an income-tax in the last session of the Economic Conference may be mentioned. The debate was carried on throughout at a high level, and both those who supported the measure and those who opposed it gave ample evidence of close and careful study of the financial statements for the last few years.

3. The budget shows as usual under each detailed head of receipt or expenditure the figures relating to the accounts for the year 1911-12 as finally closed, those appertaining to the revised estimates for the year 1912-13, and the amounts provided for in the budget estimates for 1913-14. As regards the final accounts for the year 1911-12, the variations under the several heads, both with reference to the estimates for that year and with reference to the actuals of the previous year, have been examined in the Appropriation Report for the year which was published with the *Mysore Gazette* dated 19th June 1913. The causes which led to these fluctuations have also been traced and explained in that report as far as possible. This statement is therefore divided into two sections only, one dealing with the revised estimates for 1912-13 and the other explaining the budget figures for 1913-14.

Revised Estimates, 1912-13.

4. When the budget for 1912-13 was framed about this time last year, the mungar showers of April and May had somewhat failed, and the work of ploughing and preparing the land for sowing suffered to a certain extent owing to deficient rainfall. The situation, however, improved with the advent of the south-west monsoon which was just in time to enable the raiyats to go on with their agricultural operations. With the change in the seasonal conditions the prospects of agriculture were regarded as fairly satisfactory, provided average south-west and north-east monsoons followed in the usual course.

5. The revenues of Mysore under the most important heads are directly or indirectly dependent on the prevailing condition of agriculture. The effect of the seasonal conditions on the agricultural prospects of the year, as far as it was known at the time, was therefore taken into account, and the revenue estimates were framed on the assumption of average conditions on the whole.

6. Progress and development on all sides were the prominent features of the estimates of expenditure. The construction of the Kannambadi reservoir, the

addition of a fourth installation to the Cauvery power scheme for increasing the generating power of the Sivasamudram works by about 4,000 H. P., the revival of activity in state railway construction and the laying out of a line of electric tramways in Bangalore constituted a remarkable programme of special works; and improvements for which provision was made in the budget for, the last year. Besides these large items, special grants for extension of general and technical education and for the work of the Economic Conference, and numerous other grants for introducing improvements and starting new work in many of the state departments also figured in the budget for 1912-13.

7. On the considerations alluded to above, this budget was prepared for a revenue of 2,44,60. On the expenditure side the estimates aggregated 2,35,06 and a special provision amounting to 43,00 was made in addition for the four productive capital works mentioned in the foregoing paragraph. The ordinary budget worked out to a surplus of 9,54; but taking the special grants amounting to 43,00 also into consideration; the expenditure side of the budget exceeded the revenue side by 33,46.

REVENUE.

8. The forecast of the seasonal conditions and agricultural prospects made at budget time was more than realised during the year. The rainfall, reckoning from 1st January 1912, was below the average till the third week of July, but in the early part of August it exceeded the average. At the end of December 1912 the average rainfall throughout the state was 46.50 inches against 38.90, the average of the ten preceding years, i.e., 7.60 in excess. Out of 77 taluks and sub-taluks 65 reported decided excess in rainfall and the remaining 12, small, in some cases only nominal, deficiency. The rainfall being thus copious, the irrigation reservoirs were full in most parts, and the result was that the important crops thrived and yielded more than average harvests. The conditions of trade, as directly indicated by the railway revenue and sandal auctions, and indirectly reflected in the receipts under Stamps and Registration, were exceedingly favorable. Thanks to the favourable condition both as regards agriculture and trade, the revenue figures now stand revised to 2,72,92 against the budget estimate of 2,44,60, which means an improvement of 28,32.

9. The increase of 28,32 on the revenue side is contributed by almost all the heads. The group, *Principal heads of revenue*, alone which includes Land Revenue, Forests, Excise, Assessed Taxes, Stamps and Registration, has added 23.46 lakhs to the budget forecast. The most important variation under this group—in fact the most noticeable feature of the revised estimates for 1912-13 on the revenue side—is the increase of forest revenue from an estimate of 18,63 to 32,20. The greater part of this increase of 13,57 is due to the exceptionally favourable rates realized at the sandalwood sales. Although the quantity of sandalwood exposed for sale, viz., 2,408 tons was but slightly in excess of the quantity exposed in the previous year, the total realisations were more than 10 lakhs in excess of the previous year and 11.88 in excess of budget estimates and amounted to Rs. 22,63. The all round average rate fetched was Rs. 940 per ton against Rs. 534 in the previous year. The exact causes which have led to this sudden rise in price are still under investigation. Greater activity in the trade and industrial centres of Europe generally and keener competition between distillers, foreign and Indian, are perhaps important contributing factors.

10. Coming now to the less important variations under the principal heads of revenue, we find that as a result of favourable agricultural conditions which made it possible to collect a part of the outstanding arrears in addition to a satisfactory percentage of current demand, land revenue realisations are 3,52 more than the budget. The keenness of competition in the matter of Excise contracts, as a result of more wide-spread knowledge of the profits of the business among the capitalist classes, has added about 2.5 lakhs to the anticipated realisations from sale of excise privileges. Increased consumption of arrack and toddy, chiefly in cooly colonies attached to the large public works now in progress, accounts for further rise of about 2.5 lakhs in Excise revenue. Stamps and Registration together account for an increase of 1,47.

11. Of regular receipt heads outside the *Principal heads of Revenue*, the receipts from Civil and Military Departments including the Public Works Department have contributed 1,34 more. On account of the receipt of accumulated interest of past years on two of the largest loans, the realisations from interest on loans are 54 more than the budget. The interest due on our investments which was estimated in the budget at 11.50 lakhs has been revised now at 7.63 lakhs, and this decrease has been caused by the amount due in the second half year on a portion of the investments having been realised in the first week of the current year. But this amount properly appertains to the past year and aggregates 4.15, and if this had been taken credit in the account for 1912-13 the budget estimate under Interest would have been exceeded by another 28, and the total excess under this group head would have amounted to 82.

12. The estimate of the receipts from State Railways was framed on the basis of gross revenue for a year of average agricultural prospects and normal trade conditions and on a percentage of 60 of working expenses to gross revenue. According to this calculation, the net receipts from railways were taken at 11.44; but according to the revised, this revenue is expected to amount to 15.63, which means an excess realisation of 4.19. The causes of this improvement are two-fold. There has not only been a fair rise in the gross earnings, but also a reduction in the percentage of working expenses which, according to the revised estimate, stands at 55 per cent as against 60 taken for the budget.

13. The gross revenue from railways was originally estimated at 30 lakhs which was the normal standard of revenue calculated on the basis of previous actuals. But the actual realisations for 1912-13 are expected to go up to 37 lakhs on account of the development of traffic, both under coaching and goods, referred to in the foregoing paragraph. The improvement in the coaching traffic was general throughout the year except in the latter half of May and the first half of June 1913 when there was a temporary set back on account of a strike amongst certain classes of railway employees over the broad gauge portions of the Madras and Southern Mahratta Railway system. The falling off might have been more serious and its duration longer, if the situation had not been dealt with by the railway authorities with promptitude and tact. The heavy booking of pilgrims proceeding to Puri or Jagannath and the Brahmotsavam at Tirupati, and of the large number of coolies collected for the Kannambadi reservoir near Mysore, constituted the special features of the enhanced collections from coaching during the first quarter of the year. The Dasara festival at Mysore during October 1912 and the feast at Nidavanda and the cattle fair and feast at Maklidrug in January 1912 contributed to the increase in the middle of the year.

14. As regards goods traffic, there was, during the first half of the year, heavier despatch of food grains from Davangere and Holalkere to stations in the Belgaum district of the Bombay Presidency. Rice was largely exported from Shimoga to Katpadi and Erode in August 1912, and in September there were large consignments of betel-nuts to Madras and Negapatam from Birur and Shimoga. Besides these, *til* seeds went in greater quantities to stations in the South Indian Railway from Tumkur, Mysore and Davangere, and cocoanuts to the G. I. P. system from Tiptur. There was considerable improvement in the movement of ground-nuts from Hindupur and Tumkur for shipment outside India. In the latter part of the year, there was the movement of horses and carriages in connection with the provincial tour of His Highness the Maharaja and the heavy despatch of horse gram and javari from Mysore and Davangere to the South Indian Railway. The traffic in cotton and seeds was exceptionally heavy in the last quarter of the year. Coal and timber came as usual, but in larger quantities, to the gold fields at Kolar. The export of manganese ore to the Marmugoa harbour from the Shimoga district also contributed to the enhanced collections of the year.

15. The increase in revenue under the various heads referred to above represents in most cases the fluctuation on the right side of average expectations which satisfactory agricultural operations and favourable trade conditions usually bring in their train. But there are other heads of revenue the receipts under which depend, to some extent at least, on chance, and these also have shown favourable

results during the current year. The mining revenue stands revised from 17,56 to 19,20, which means an excess of 1,64. There has similarly been an excess of about three-quarters of a lakh in the Cauvery power scheme revenue due in some measure to fresh power and lighting installations, but chiefly to the stoppages of power supply on account of the shortage of water in the Cauvery and for other reasons being few and of short duration.

EXPENDITURE.

16. On the expenditure side, the provision in the budget for 1912-13 was 235,06 together with special grants for productive capital works amounting to 43,00. Out of the grants amounting to 235,06 provided under the various heads in the regular budget, there have been some lapses and savings. The more important of these items are :—

General Administration	...	...	...	65
Law and Justice,—Jails	...	...	...	41
Education	...	...	...	1,61
Medical	...	...	...	85
Scientific and Minor Departments	...	...	...	58
Army and Defence	...	...	...	84

Besides these, small savings occur under various other heads.

17. The saving of 65 under *General Administration* has taken place chiefly under the head Tour Charges (15), Economic conference (37) and Reception and Entertainment of Guests (20). Of these, the saving under Economic conference is only apparent, for it is due to the formation of the department of Industries and Commerce during the year and the transfer to the major head *Scientific and minor departments*, of the charges relating to the Special Adviser for Industries and Commerce and his staff. These savings were counterbalanced to some extent by an excess under the Dewan's salary due to privilege leave for three months having been specially sanctioned by His Highness the Maharaja to Pradhana Siromani T. Ananda Rao, C.I.E., at the time of his retirement from the office of Dewan. Under *Law and Justice-Jails*, the reduction of 41 is chiefly due to the lapse of the provision made in the budget for introducing khaki weaving industry in the Bangalore central jail and for manufacturing weights and measures in accordance with the new regulation. Both these special grants have been re-allotted in the estimates of 1913-14.

18. The reduction of 1,61 under *Education* is due to partial lapse of the large lump sum grants sanctioned in the budget for opening new schools and improving existing ones and for promoting technical education in the state generally. In spite of the best endeavours of the department, schemes for the extensive operations designed to utilize the grants to the utmost advantage took sometime to mature and could be introduced only gradually. The total state expenditure on education during the years 1910-11 and 1911-12 was 10,53 and 10,72 respectively. Against these figures the budget provision for 1912-13 was 14,47 and the revised stands at 12,86. From these figures it will be clear that, though the Education department has not found it possible to make full use of all the grants placed at its disposal during the year, a very substantial advance has been made in the direction of spreading education.

19. Under *Medical*, as noted above, there is a saving of 85 from the budget, the principal items contributing to this saving being *Medical Establishment* (29) and *Sanitation and Vaccination* (39). Under the former head the saving is in respect of salaries of Assistant Surgeons, some officers of this class having been lent to other departments, and of Sub-Assistant Surgeons, many vacancies in this class having been left unfilled during the year for want of duly qualified candidates. Under the latter head the saving is chiefly due to the plague charges being less than anticipated.

20. Under *Scientific and other Minor departments* the saving of 58 as compared with the budget was due to several causes. In the Geological department there was a small saving due to the deputation of two Assistant Geologists on other duty, one in the Central College, Bangalore and the other under the Economic conference. In the Agricultural department the vacancy caused by the death of

one of the Assistant Chemists was not filled up, the head of the department was absent on furlough, and the lump sum grant of 25 for the formation of the Agricultural school lapsed as the institution could not be started during the year. In the Amrut mahal department the grant for improvement of the breed of milch cattle in the state, for which a special committee had been appointed, was surrendered. As regards census charges, the department was gradually reduced to a small office as the work drew towards its close and the grant for printing charges in connection with the census was transferred to the major head *Stationery and Printing* according to the rules of classification. Against these savings there was an excess of 21 on account of the newly formed department of Industries and Commerce.

21. Under Army and Defence the expenditure under *Imperial Service Transport Corps* is much below the budget grant, the revised standing at 2,30 against the budget of 2,78. This is due to some savings in the grants for feed of ponies and line gear as a result of conversion of the pony corps into a bullock train. The grant for the registration and hire of transport bullocks also lapsed, as this system has been abandoned in favour of the system of outright purchase of animals. Under *Barr or Native Infantry* the whole of the special provision of 16 for purchase of rifles lapsed, as the purchases were not made before the end of the financial year. A considerable part of the amount provided for the collection of the produce on the Hessarghatta and Nadamavinapura grass farms has not been spent. These savings under Army proper have been counterbalanced to some extent by an excess of 8 over the budget under Military works chiefly on account of the construction of sheds for 140 ponies and 24 carriages of the Government stables in the old silledar lines at Bangalore.

22. The only important heads in which grants as fixed in the budget estimates are likely to be exceeded are Forest (16), Interest (22), Courts of Law (5), Superannuation allowances and pensions (48) and Stationery and Printing (26). In the case of the Forest department an additional grant of 52 was sanctioned during the year for carrying out some works in the Forest department and for settling the Kunbi tribes in the hilly border lands of the state. The revised estimate indicates that only a portion of this additional grant has been utilised. The increase in interest charges is due to the payment of some arrear interest, amounting to 25, on the state loan pronotes. The excess under *Courts of Law* was on account of the Chief Judge going on leave for some months in the year and on account of the following items not included in the budget, viz., the personal allowance and contribution towards pension and leave allowances of one of the puisne judges, the appointment of an additional sessions judge and payment of fees to lawyers in connection with the Kannegal riot and the revision of the scale of Munsiffs' salaries. The payment of the accumulated pension of the late Sir P. N. Krishnamurthi amounting to about 33 to his widow, Lady Kaveri Bai Krishnamurthi, caused the excess under *Pensions*. Larger stock of printing paper, stationery, machinery and type purchased and additional expenditure on piece-work establishment have brought about the excess in the Stationery and Printing Department.

SPECIAL CAPITAL GRANTS.

23. The budget provision and the expenditure according to the latest revised estimates in respect of the several items of special capital work are shown below for purposes of comparison:—

	Budget grant.	Expenditure according to revised estimate.
Cauvery Reservoir Works	... 20,00	17,50
Fourth Installation, Cauvery Power Scheme	6,00	60
New Railway lines	10,00	85
Bangalore Tramways	7,00	10
Total	43,00	19,05

This shows that out of the special grants aggregating 43 lakhs there will be a lapse of about 23·95 lakhs.

24. The lapse of 2½ lakhs in the grant for the Kannambadi reservoir represents the amount that could not be utilised, as the question of compensation proposed to be given for land acquired in connection with the reservoir was not settled before the close of the year. Almost the entire grant of 6 lakhs for the *Cauvery Power Scheme, Fourth Installation* excepting a small sum of 60 has been surrendered by the Electrical department. The specifications for the articles required for this work were issued and competitive tenders called for in the usual manner, but the last of the tenders were received only about the end of January 1913. There was not therefore sufficient time to place orders in time for shipments to be completed before the close of the financial year. As the major portion of the total estimated expenditure is for imported electrical apparatus, line materials, etc., all dependant upon receipt of apparatus, manufacturers' final drawings, etc., the entire grant excepting about 60 spent on labour, has been reprovided in the budget for 1913-14 and included in the grant of 13,05.

25. Similar remarks apply also to the case of the lapse in the grant for tramways. The greater part of the total expenditure was to be on imported material and apparatus for which orders could not be placed before the close of the year. The small expenditure of 10 incurred during the year was on account of the power station and car-barn which were the first works undertaken, being required for the reception of the electrical equipment.

26. The amount of the lapse on railway surveys and construction is approximately 9 lakhs. The reason of this is that no construction of state lines was actually undertaken. It was considered necessary before commencing the construction of the Mysore-Arsikere chord to investigate an alternative route *via* Channarayapatna, as it was thought that this route might offer a cheaper line to construct and work. This investigation was undertaken but it was found that the balance of advantages lay in the adoption of the original alignment *via* Yedatore, Hole-Narsipur and Hassan.

27. It was subsequently decided to make a further investigation of this route before submitting the project to the Government of India. This was not quite completed at the end of the year, so it was impossible to start construction. This led to the lapse noticed above. On the other hand, purchase of stores which had not been provided for in the budget, absorbed 1 lakh and another lakh of rupees would have been spent under this head but for the strike on the Madras and Southern Mahratta Railway, which delayed the despatch of rails and other stores purchased from that railway company.

28. The net result of the lapses and excesses in respect of grants in the budget estimates for 1912-13 can now be examined. In the regular budget the expenditure provided for was Rs. 235.06. According to the revised estimate this figure is likely to stand at Rs. 229.63 which means a saving of 5.43. Also out of the special provision for productive works amounting to 43 lakhs, only a sum of 19.05 lakhs is likely to be the expenditure for the year.

SUMMARY.

29. According to the budget estimates, the surplus in the regular budget was 9.54. In the revised estimates, owing chiefly to the remarkable rise in revenue referred to above, this surplus stands at 43.29. If the full amount of 43 lakhs provided in the budget for capital works had been spent, the net result of the revised estimates would have been a nominal surplus of 29. But the amount that could be spent out of the 43 lakhs was only 19.05. The excess of revenue and receipts over expenditure in the revised estimate for 1912-13, therefore, actually stands at 24.24 taking into account all transactions, including those under the special grants.

30. The divergence between the budget estimates of 1912-13 and the revised estimates for the same year, though on the right side, may appear at first sight to be unusually large. But, on closer examination, it will be seen that more than 62 per cent of the difference is accounted for by the sandalwood wind-fall and by the

lapses under the capital works, such as railway construction, the fourth installation of the Cauvery power scheme and the Bangalore tramways. The difference is thus chiefly due to circumstances which could not be foreseen and which were beyond control. Under ordinary heads of receipt and expenditure the estimates were fairly accurate, and the difference under any of these heads did not exceed the limits of a moderate margin of safety.

31. In the last financial statement setting forth the budget estimate for

Revenue and Receipts.

1909-10	...	243,58
1910-11	...	246,73
1911-12	...	250,89
1912-13 (Revised)	...	272,92

Expenditure	Ordinary	Special Capital grants	Total
1909-10	...	222,57	222,57
1910-11	...	222,70	222,70
1911-12	...	224,99	7,02
1912-13 (Revised)	...	229,63	19,05

1912-13, it was stated that the year was expected to be remarkable in many ways as regards progress and development and that this feature was written large in the estimates which were published. In spite of large lapses in the special grants for capital work, the figures noted in the margin shew that that expectation has

been fulfilled. Both the revenue and expenditure figures for the year which has just closed shew a great leap forward and constitute a record. They indicate something more than ordinary progress and normal development. In the case of revenue the result is due, at least in some measure, to bounties of nature and to smiles of fortune. But as regards expenditure, the advance is due to the expansion of work in the various useful departments such as Education and Industries as the result of earnest efforts and laborious operations and to the undertaking of large productive works of permanent and beneficial character.

Budget Estimates, 1913-14.

32. We now turn from the revised estimates for the year just over to the budget estimates of the year just begun. The transition is one from the solid ground of realized facts to less certain regions of expectation and anticipation; but, in the circumstances in which we now stand, it is our good fortune to feel that it is also a matter of passing from feelings of satisfaction for progress achieved and useful work done to earnest and well-founded hopes inspired by a comprehensive and practical programme embracing greater progress and more useful work. The estimates for the year 1913-14 published herewith make it quite clear that during the year on which we have just entered the active and energetic policy of the previous year is not only to be maintained but is to be pushed on with even greater vigour and enthusiasm.

33. The great reservoir over the Cauvery at Kannambady was commenced in 1911-12 and the outlay on it during the last two years amount to about 24·5 lakhs. In the estimates for the current year a provision of 30,40 has been made for this work which is now in full swing both as regards construction and land acquisition. As regards the fourth installation of the Cauvery power scheme and the Bangalore tramways, the bulk of the grant provided in the last year's budget lapsed owing to reasons already explained. But the causes which delayed the commencement of the operations have now disappeared, and it is hoped that both these works will be practically completed during the next twelve months. Provision to the extent of 13,05 and 6,65 have therefore been made in the budget for these works. For railway extension from state funds a sum of 15 lakhs has been provided. As Government have already sanctioned the construction of the Mysore-Hassan-Arsikere chord and as work is about to be commenced on this line, there is no likelihood of any lapses in this grant during the current year. The provision in the budget estimates for 1913-14 for these four large items of capital work alone aggregate 65·10 lakhs.

34. But these grants for special capital expenditure represent only one aspect of the financial programme for the year. The other aspect which is more important, if somewhat less prominent, in the mass of budget figures, *viz.*, the development of the permanent departments of the state, has not been ignored. A study

of the budget will disclose substantially enhanced grants in respect of many of these departments. Thus in the Education budget alone, special grants to the extent of 3.32 have been included, *viz.*, 1 lakh for new schools and improvements, 1 lakh for village school buildings and 1.32 lakhs for technical education, with the result that against 12.86 in the revised for 1912-13 the budget grant under Education for 1913-14 stands at 16.09. The new department of Industries and Commerce with a staff of one Director and 6 superintendents and assistant superintendents has a budget of 89. The activities of the Economic Conference and its three committees require provision to the extent of 1.22. Besides these, numerous other grants of smaller magnitude have been provided for introducing improvements and starting new work in many departments. The more important among them will be noticed below under the appropriate heads.

35. The items referred to in the foregoing paragraph are all finally sanctioned. Besides these, a large number of proposals for reforms and reorganisations are at present pending before Government. These include proposals for improving the pay and prospects of the Taluk and District establishments, strengthening of the gazetted and ministerial staffs of the Accounts department, reorganisation of the City and District Police forces, reorganisation of the Educational grades, revision of pay of vernacular school teachers, starting of public libraries, extensive developments in the Agricultural department, opening additional veterinary dispensaries, improvement of His Highness's body-guard and revising the pay of the Barr. It is likely that final orders will be passed on some of these proposals at an early date. An adequate lump sum provision has been included in the budget so that such of these proposals, as may be sanctioned during the year, may be given effect to at once without waiting for the allotment of funds in the budget of the next year. Provision has also been made to cover all expenditure which may be necessary during the year under Entertainment of guests and Reception of important personages.

36. In a speech delivered on the occasion of the opening of the Minto-Ophthalmic Hospital at Bangalore, His Highness the Maharaja referring to the subject of medical expenditure, was graciously pleased to observe as follows:—"I cannot help feeling that any funds we may be able to spare for such purposes in the near future should be utilized towards meeting the medical needs of our outlying districts, especially in the malnad, where the steady decrease in the population is a matter of great concern to my Government."

About six weeks later while opening the new Local Fund Dispensary at Saklespur in March 1913, the Dewan referred to the utterance of His Highness alluded to above and dwelt at length on the subject usually known as decimation of the malnad population. He observed that the annual influx of population from the coast districts had diminished within the past ten years on account of the extension of railways from the south up to Mangalore, the development of fisheries along the west coast and to some extent to the depression in the coffee industry. He also showed from the census figures that in the purely malnad taluks of the Shimoga, Kadur and Hassan districts there was a fall in the population of 26,905 souls, or 8.2 per cent in the decennium ended 1911 and that the fall in the semi-malnad taluks in the same period was 30,731 or 6.2 per cent. There was no doubt that a large part of the population suffered from malaria as evidenced by the numerous cases of fever and of enlarged spleen and the general anaemic condition of the people, and that another grave feature of the situation was the excessive mortality among women in child-birth and among infants. After fully examining the causes of the situation, the Dewan arrived at the conclusion that special measures seemed necessary to equip the population with the powers of resistance necessary to withstand the climate and strengthen their sinews for the battle against adverse circumstances; and he foreshadowed a scheme of improvement and development for the malnad which would eventually be financed by means of increased revenue from local sources.

37. The subject of malnad improvements has now been taken up for investigation and action in right earnest and a special officer is already engaged in the work of formulating a definite programme of operation. Out of the lump sum provision referred to in para 35, funds to the extent of one lakh will be forthcoming for this work.

38. On the ordinary account the revenue for the year 1913-14 is estimated at 240.17 lakhs. Against this the expenditure in the ordinary account is expected to be 240.63. This gives a practically balanced budget in the ordinary account with a nominal deficit of 46. Under *Cauvery power scheme* the revenue is expected to be 17.00 and the expenditure 7.82 resulting in a surplus of 9.18. Combining the two accounts, the total revenue comes to 257.17 and the total expenditure to 248.45 which gives a surplus of 8.72. The special expenditure on large capital works amounting to 65.10 has not, however, been included in these figures. Including this special expenditure of 65.10 the total expenditure comes up to 313.55 lakhs and the excess of disbursements over receipts works up to 56.38. These figures are remarkable in that for the first time the expenditure figure of our budget exceeds 3 crores.

REVENUE.

39. In forecasting the annual financial programme of an agricultural country with chiefly rain-fed crops, much depends on the seasonal conditions that may prevail during the year, and these again are exceedingly uncertain. In these circumstances, the only safe and reasonable course, in the absence of any decided indications of seasonal conditions either way, is to base the estimates on average conditions of agriculture and trade and take into account only such results as may reasonably be expected in a normal year. It would not be justifiable to assume that a year of unusually good conditions will be succeeded by a year of equal degree of prosperity, and similarly it need not be apprehended that an exceedingly lean year will bring another such year in its train. The estimates of revenue adopted in the budget have been arrived at on this principle, and the total estimate of revenue for the current year is therefore about Rs. 15.77 lakhs less than the revised for 1912-13 but 12.57 lakhs more than the budget for that year. The variation from the revised is distributed over almost all the heads of revenue except Land revenue and the Cauvery power scheme in which the revised estimates for 1912-13 and the budget for the current year stand at about the same level.

40. We have ventured to state above that seasonal conditions have as yet given no indications of any decided variation from the average either way and that our estimates for revenue are based on this view. The rainfall over the state since the beginning of the calendar year up to date, though giving no room for undue cheeriness in this matter, justify the expectation of average meteorological conditions. It is true that from 1st January 1913 the average rainfall in the state has all along been below the average of the past ten years. In the middle of May 1913 this deficiency grew so serious as to cause a little anxiety, the rainfall from 1st January 1913 for the whole state being only 1.93 inches up to 17th May 1913 against an average of 4.57 inches during the preceding ten years. But matters improved considerably by the showers which fell throughout the state in the latter half of May and the first half of June, the total rainfall up to 14th June 1913 being nearly equal to the average of the preceding ten years, viz., 7.90 inches, against 8.29 inches. Since then rain has been holding off again in many parts, and at the beginning of July the deficiency again rose to 1.79 inches, the rainfall over the state being 8.70 inches against the ten years' average of 10.49. Showers are wanted for the progress of the agricultural operations in many parts, and as many as 62 out of our 77 taluks and sub-taluks reported deficiency in rainfall at the end of June. The deficiency is, however, not great in many cases and will, it may reasonably be hoped, be made up by plentiful showers later on in the season.*

Principal Heads of Revenue.

41. The estimate of *Land revenue* collections for the year has been placed at 105 lakhs. The collections and outstandings at the end of several years past are shown below:—

	Collections.	Arrears left.
1909-10	... 105,03	20,42
1910-11	... 106,79	15,55
1911-12	... 106,48	11,85
1912-13 (Revised)	... 105,02	10,20

* Since this paragraph was written matters have considerably improved. On 26th July 1913 the rainfall from the beginning of the calendar year was 17.35 inches against the decennial average of 18.34 inches and only 43 taluks out of 77 reported any deficiency.

42. In the current year, the gross demand for the year is slightly higher than last year, *viz.*, 105,25, against 104,48, the increase being chiefly in assessment of dry and wet lands. Under garden and coffee lands the demand is stationary as also under the heads *Quit-rent of minor inam villages* and *Miscellaneous* the latter including such items as *sale proceeds of Government land, Amarayi, fines for unauthorized cultivation, income from pasture lands*, etc. But though the gross demand for the year is higher in the current year than it was last year, the total demand including opening balance, after deducting remissions under the rules, is lower by 1,00 being 114,91 in 1913-14 against 115,91 of the preceding year. The reason for this is of course the satisfactory collections of last year and the comparatively lower outstandings at its close. From the demand figures given above and the prospects as regards seasonal conditions explained in paragraph 40, the estimate of 105 lakhs will be seen to be fair and reasonable.

43. Under *Excise* the standard of revenue in 1909-10 and 1910-11 was about 42 lakhs, and in 1911-12 the figure approached 43

1909-10	...	...	42,11	lakhs, the actual collection for the three years being as
1910-11	...	...	41,99	shown in the margin. The collections for 1912-13
1911-12	...	...	42,81	amounting to 47,10 are, for the reasons already explained,

somewhat exceptional. While the revised for the last year appears rather too high to be accepted as a safe guide for budget purposes, it seems admissible in framing our estimates to take into account the progressive nature of this revenue. After considering the details of the several sub-heads under this major head, the most important amongst which are Arrack and Toddy, each contributing upwards of 20 lakhs, we have thought it safe to fix the budget estimate under this head of revenue at 43,36.

44. Under *Forests* also, the figures for 1912-13 have, for the present, to be regarded as exceptional for budget purposes. The actuals under this head during the three preceding years ending with 1911-1912 are 18·59, 20·95 and 22·06 lakhs, and on the basis of these figures the estimate for 1913-14 has been taken at 22·00 lakhs. If satisfactory arrangements can be made for supplying the whole or a considerable part of the sleepers required by the state railway construction department from our own forests, the revenue from timber may perhaps be in excess of the amount now anticipated and the total forest revenue may in consequence be somewhat higher. *Assessed taxes* under the present system is a stationary, if not indeed a slowly contracting, item of revenue in the state budget, and the estimate for the current year is placed at 2,75, *i.e.*, at a slightly higher level than the revised estimate for the last year. *Stamps and Registration* moving in harmony shewed a somewhat marked rise in 1911-12, and the higher level reached in that year was maintained in the following year. It has therefore been considered safe to regard the rise as normal and permanent, and the budget under these heads has accordingly been fixed at 9,00 and 1,85 respectively.

Mining Royalty and other Heads of Revenue.

45. The actuals for 1911-12 under the head *Mining Royalty and Leases* was 19,19 and the revised for 1912-13 has been placed at 19,20. As there is every reason to hope that the affairs of the gold mining companies will continue to flourish and that their operations and output continue to be maintained at least at the level of last year, the estimate under this head has been placed at 19,00. Of this sum, nearly the whole is expected to be received under the head Royalty, only a small sum of 10 being taken as rent on prospecting lands.

46. The receipts under the group head *Interest* consist of two distinct classes. One class comprises interest on loans sanctioned by Government and interest on arrears of revenue. The most important classes of loans are those to encumbered jahgirdars, to industrial concerns, to other Native states, to agricultural banks and to raiyats for land improvements. The receipts under this head, *viz.*, interest on loans, shows a falling off of 1,78 in the budget when compared with the revised estimate for 1912-13, but this is due entirely to the receipt last year of the accumulated interest of past years on two of the largest loans. The receipts on account of interest on arrears of revenue shew little fluctuation, varying generally within

few thousands, from the standard of 25, and the bulk of these receipts represents interest on arrears of land revenue realized from defaulting raiyats.

47. The other class of receipts under the group head *Interest* represents the profit derived from our investments. The estimated income of the state from this source in the budget is 10 lakhs which may be regarded as the present normal standard. The receipts under this head amounted to 7,63 in the revised estimates for 1912-13. The rise in the budget over this figure is only apparent, for the figures of 1912-13 do not include a considerable amount realized at the beginning of the current year which however really appertained to the year 1912-13. The only circumstance which tends to reduce the income from investments to some extent is the agreement to keep free of interest, in the Bank of Mysore about to be started, an amount equal to half the paid up capital of the Bank and not exceeding five lakhs. This practically reduces the annual income from investments by 20, but this amount is small when compared with the total income of the state from this source. As a matter of fact up to this time our investments, notwithstanding heavy additional expenditure in the regular departments of Government and on productive capital works, have steadily risen year by year. The investment is almost all in the very highest class of papers both as regards security and liquidity. A small part is kept on a temporary basis to meet possible demands in the near future, and this is in a form the safety of which is beyond question.

48. Receipts in the important Civil departments, *viz.*, Courts of law (excluding Stamps), Jails, Police, Education, Medical and Scientific and Minor departments generally fluctuate between 4 and 5 lakhs and the estimates for 1913-14 are placed at 4,52. The only appreciable variations are an increase under *Jails* on account of expected sale proceeds of weights and measures under the new regulation which will be manufactured in the Bangalore central jail and a small rise under *Education* when compared with the estimates of last year on account of fees for the new school final examination. The estimates under the group head *Miscellaneous* are at the same level as the revised estimates of last year and require no explanation; and the same remark applies to the head *Military receipts*. Under *Public Works receipts*, the budget figure is somewhat lower than the revised estimates for 1912-13, but this is due to the amount for the latter year including a special item, *viz.*, price of water supplied to the Civil and Military Station, Bangalore, from the Chamarajendra water works in excess of what the Station pumps could deliver.

Railways.

49. As regards railway transactions, it is the practice to shew on the receipt side of the state budget only the net receipts, *i.e.*, the figure arrived at after deducting from the gross earnings of our lines, the working expenses and the percentage of surplus profits paid to the working company in terms of the agreement. These net receipts have been taken in the budget estimates for 1913-14 at 14,50, the revised estimate for the previous year standing at 15,63. The way in which the net receipts entered in the budget have been arrived at is briefly indicated below, the actuals of 1911-12 and the revised estimates for 1912-13 being shewn side by side for comparison:—

	Actuals 1911-12	Revised 1912-13	Budget 1913-14
Gross earnings	... 32,53	... 37,00	... 36,00
Deduct—			
Working expenses	... 18,49	20,62	20,76
Percentage of surplus profits paid to railway company	... 61	75	74
Net receipts	... 13,43	15,63	14,50

Considering the figures for the last two years, the progressive nature of the revenue and the prospects of agriculture and trade during the year, the estimate of 36,00 for gross earnings will be seen to be fair and reasonable. The figure for working expenses is arrived at on the basis of a percentage of 55.83 calculated on the standard of previous actuals.

50. One of the reasons why we are justified in regarding the Railway revenue as progressive is the considerable amount which is annually spent on capital works on the lines. All this expenditure goes to improve the railway property

of the state and enhance its earning capacity. The amount spent in this way on the open lines during the last ten years ended 1911-12 aggregate to 24,28.

51. In the estimates for 1913-14 the amount provided for capital works of this kind is 3,95. The more important of these works are enumerated below:—

Name of work	Provision.
	Rs.
Substituting 60 lbs. rails for the existing 41½ lbs. ones	57,600
For completing new bridge over Shimsha	4,000
Fixing Robert's Key Staff instruments	14,700
Additional rolling stock	118,800
Two new engines	106,000
Signalling arrangements on the road side stations between Bangalore and Harihar	73,000
Strengthening bridges by renewing or duplicating	3,200
Providing wire fencing in place of the existing aloe fencing on both sides of the line running through the Malleswaram extension of the Bangalore City.	4,000

52. There are two other important heads of ordinary railway expenditure. One is the interest on the sterling railway loan for which the usual provision of 7,20 appears in the budget under the head "30. State Railways—Interest on Debt." The other is "30 A. Miscellaneous Railway Expenditure" under which is shown the expenditure on saloon carriages, surveys and offices of direction and accounts. The provision made in the budget estimate for these purposes amount to 1,50, *viz.*, 22 under saloon carriages which includes the last instalment on account of the two dining saloons ordered in 1912 for the use of His Highness the Maharaja, 19 for surveys and 1,09 for direction and accounts.

53. If we want to find out the monetary profit derived by the state from its railways, we shall have to deduct the interest on capital amounting to 7,20 from the net receipts worked out in para 49. A further deduction will have to be made on account of such portion of the miscellaneous railway charges as can be reasonably held to appertain to the open lines. As saloon charges and cost of surveys cannot be so treated, only a part of the direction and accounts charges can be held to appertain to open lines. Considering the level at which these charges stood before the surveys and construction works now in progress were undertaken, the portion of direction and accounts charges which may be regarded as incurred for the open lines cannot be taken at more than 20. Deducting from the net receipts 7,20 for interest and 20 for direction and accounts, the balance may be taken as the profit of the state from its railways. It must be remembered however that the state has sunk a considerable amount of its own capital on the railways and the interest on this amount at a reasonable rate, say 4%, should be deducted from the profit as worked out above to arrive at the net profit to the state from its railway undertaking. The net profit is calculated below on the basis of actuals for 1911-12, revised for 1912-13 and budget estimates for 1913-14:—

	Actuals 1911-12	Revised 1912-13	Budget 1913-14
	Rs. 13,43	Rs. 15,63	Rs. 14,50
Net receipts	
Deduct—			
Interest on loan	...	7,16	7,20
Direction and Accounts	...	10*	20
Total	...	7,26	7,40
Profit	...	6,17	7,10
Capital outlay by the state (exclusive of loan amount)†	...	87,07	92,03
Interest on the above at 4%	...	3,48	3,68
Net profit	...	2,69	3,42

*As the total actuals under Direction and Accounts was 10, this figure has to be taken.

†As usual the outlay up to the end of the previous year and half the outlay for the year is taken.

54. Though the profit worked out above may be regarded as fair, the heavy capital expenditure on the open lines which have to be incurred year by year makes the real inflow into the state treasuries as the result of railway working far less favourable. Thus in the current year, the railways are expected to bring in about 3,42 after meeting all expenditure chargeable to revenue allowing for interest on the outlay from the state revenue. But against this amount a sum of Rs. 3,95 has been allotted for capital works on open lines as stated in para 51 above, and this will absorb the whole of the anticipated net profit.

55. The calculations made in the foregoing paragraphs are intended to specially bring out the monetary profits to the State from its railway system regarded as a commercial undertaking. If we want to find out the percentage of net receipts to the total capital outlay to form an idea of the earning capacity of railway works in the Mysore State, the loan capital also will have to be included in the calculations. This percentage is worked out below:—

	Actuals 1911-12	Revised 1912-13	Budget 1913-14
	Rs.	Rs.	Rs.
Gross receipts	32,53	37,00	36,00
Deduct—			
Working expenses (not including percentage of profits paid to the Railway Company).	18,49	20,62	20,76
Net receipts	14,04	16,38	15,24
Total capital outlay	250,90	252,76	255,86
Percentage of net receipts on total capital outlay	5.59	6.48	5.95

56. The remarks in the foregoing paragraphs appertain only to open lines. For construction of new lines a sum of 15 lakhs has been included in the budget as already stated in paragraph 33. In April last Government directed that steps should be taken for the early construction of a metre-gauge line between Arsikere and Mysore via Hassan and Hole-Narsipur, and a line of 2' 6" gauge to be converted later on to metre-gauge, if necessary, between Bangalore and Hosur. The lump sum provision of 15 lakhs made in the budget is proposed to be spent on these lines during this year.

57. In this section we have considered railway operations only as far as they affect the state budget. An account of the transactions of the district boards in connection with railway construction is given under Local Funds (*vide* para 84 below).

EXPENDITURE.

58. The expenditure side of the budget briefly analysed stands as follows:—

	Rs.
Ordinary Account	240,63
Cauvery Power Account	7,82
Special Capital Grants	65,10
	313,55

59. The standard of expenditure in the state ranged from 160 to 185 lakhs between 1894-95 and 1897-98. From 1898-99 onwards to end of 1910-11, the expenditure figure has varied from 200 lakhs in the former year to 222 in the latter. This increase was due to larger public works grants and the expenditure, both under revenue and capital heads, relating to the Cauvery power scheme. In 1911-12 the expenditure under all heads amounted to 232 lakhs, i.e., about 10 lakhs more than the level of the previous three years, and this excess was chiefly due to the expenditure on account of the Coronation Durbar and to the outlay on the Kannambadi.

reservoir. According to the revised estimate, the expenditure has gone to nearly 249 lakhs in 1912-13 and the expenditure budget for the year on the threshold of which we now stand has, as already noticed, beaten all past record and stands at considerably over three crores. It will thus be seen that in the course of two decades, the expenditure side of our budget has nearly doubled itself and that the rise is most noticeable during the last few years.

60. The reason for this great rise in expenditure is two fold, *viz.*, development in ordinary departments and simultaneous undertaking of different kinds of capital work. A major irrigation work of the first magnitude, a large electrical work and important developments in communication in the shape of railways and tramways, have all been undertaken and at the same time. The capital grants included in the budget for 1913-14 have already been discussed in para 33 and the most prominent developments in the ordinary departments have also been referred to. It now only remains to notice in somewhat greater detail the special features of the estimates of the several departments for the current financial year.

Direct Demands on Revenue.

61. Under this group-head of expenditure which represents the cost of collecting the revenues from Land, Forest, Excise duties, Stamps and Registration fees, the provision in the budget is 35,33 against budget estimates amounting to 33,73 of the previous year. The increase is chiefly under Land Revenue and Forest. In the Land Revenue department the sub-heads which account for the increase are charges of District administration and remuneration to Patels and Shanbhogs. The increase in the former case is due to there being no deduction in the current year's budget on account of savings in District and Taluk establishments. Such savings anticipated in the budget for 1912-13 amounted to 40. Under Remuneration to Shanbhogs and Patels, a provision of 14 has been added in the current year for arrears of Potgi due. In the case of the Forest department, the increase is noticeable under both the divisions, *viz.*, 'Conservancy and Works' and 'Establishment.' The increased grant for extended departmental timber operations required for supplying sleepers to the state railway construction department and the larger provision for buildings and roads in the state forests account for the increase under Conservancy and Works. The scale of the Gazetted officers of the Forest department which existed last year was sanctioned so far back as 1894, those of the executive and protective staffs and Conservator's office establishment in 1900 and that of the District office establishments in 1904. As there have been great changes since then in the extent of forest areas and in the quality and magnitude of the operations, the whole establishment was revised and reorganised about the middle of last year to suit present conditions. The new scale came into effect from 1st November 1912, and was not provided for in the budget for 1912-13. The estimates for the current year include provision for the extra cost of the reorganisation, and this has caused the excess under establishments.

62. Under Excise the fluctuation on the expenditure side of the budget is insignificant. In the Stamp department, the special grant of 22 made for dies, plates and machinery for the manufacture of stamps on improved lines having been utilised last year, the estimate has come back to the normal level. The provision for expenditure in the Registration department in the budget for 1913-14 is higher than in previous years and this is due to the reorganisation of the sub-registry offices recently sanctioned by Government. The most important feature of this reorganization is that it provides for the needs of gradual and normal expansion of work in the department by authorising a sliding scale according to the value of work to be done. To meet the extra cost of this revision, a lump sum provision of 5 has been included in the budget.

Interest.

63. Under the head *Interest*, on the expenditure side, has to be provided the interest on the State Loan of 1906, and interest on other obligations such as Government savings banks deposit, endowment funds and the state life insurance fund. The provision for interest on savings banks deposits has been raised in the budget estimates of the current year, as the amount of such deposits is expected to rise after the recent abrogation of limits on the balance of individual deposits.

The cost to the state in realizing the interest on its investments in the shape of commission, tax, etc., has to be shown under the head *Profit or Loss* in this group head. This amount, which in ordinary course would amount to about a quarter of a lakh, has been almost reduced to nil by arrangements made which avoid the necessity of such charges.

Civil Departments.

64. The noticeable features of the budget under the head *General Administration* are an increase of pay to one of the Councillors, adequate provision for the Economic conference including a whole-time secretary of the rank of a Secretary to Government, an increase under Civil Secretariat due chiefly to the appointment of an additional secretariat officer, *viz.*, the Deputy Secretary, increased emoluments to the Assistant Secretary on His Highness's personal staff and a lump sum provision towards half the establishment charges of the Bank of Mysore which the Government have to pay under an arrangement with the Bank. In view of the expansion of the work of the State Life Insurance committee and the possible growth of private insurance and provident fund agencies in the state, Government considered it desirable that arrangements should be made to train a suitable person in actuarial work. To meet the expenditure required for this during the current year, a lump sum provision of Rs. 1,500 has been added to the grant for the Comptroller's office. Under *Law and Justice—Courts of Law*, there is increase when compared with the budget of last year under Chief Court and Munsiffs' courts due in the former case to the additional emoluments of the new puisne judge and in the latter to the establishment of a new Munsiff's court at Dodballapur and to the revision of the scale of Munsiffs' salaries. This revision introduces a time scale for Munsiffs, *viz.*, 150 for Probationers and after two years' approved service 200— $\frac{50}{3}$ —400, and removes all reasonable grievances of this class of officers in the matter of pay. Under *Jails* the lump sum grant of 24 for introducing khaki weaving industry and for manufacturing weights and measures under the new regulations which lapsed last year has been reallocated. Under the head *Police*, the budget grant shews no appreciable increase over that of last year, but some provision has been included in the lump sum grant referred to in para 35 above for giving effect to such orders as may be passed by Government during the year as regards increase of pay to constables.

Education.

65. The budget of this department continues to expand and maintain its progressive character. The estimates for 1913-14 are as much in advance of those of 1912-13 as these latter were on those of the preceding year. The actuals also shew the same rapid upward course. In the estimates for the current year the provisions under all the important heads shew substantial advance. Under Colleges the rise is from 2,20 in the budget of 1912-13 to 2,44 in that of the current year. The increase is chiefly due to a special provision for apparatus and fittings for the Botany and Chemistry laboratories of the Central college and for additional establishment for the chemistry class. Under Government schools—General, the rise is shared both by High schools and Vernacular and Anglo-veracular schools. There are special provisions for equipping a few High schools with scientific apparatus and for work benches in the Maharaja's College. Funds have also been allotted for opening Upper secondary classes in the schools at Davangere and Nanjangud and for starting a Panchama boarding school at Mysore.

66. The rise in the budget for 1913-14 under Government schools—Special is very remarkable. Under this head the actuals for 1911-12 stood at 37 and the revised for 1912-13 at 35. The amount provided in the budget for 1913-14 is as shown below:—

	Rs.
Chamarajendra Technical Institute, Mysore	68,222
Commercial School, Bangalore	13,712
Mechanical Engineering School, Bangalore	30,225
Other Industrial Schools and Sericulture	19,841
Other items formerly included under this head	<u>50,754</u>
Total ...	1,82,754

The charges hitherto included in the state budget under *Government schools*—*Special* were those in connection with the normal school at Mysore and the district normal schools and the expenditure appertaining to kindergarten and manual instruction. The cost of the Industrial school at Mysore and of those at other places was included under Local fund general in the separate budget of that fund. The great expansion of technical and industrial education which has been undertaken makes it impossible to adhere to the former practice and keep all charges connected with that branch of education in the budget of the Local fund general. The arrangement adopted in the budget of the current year is to shew all charges in connection with industrial and technical schools in one place in the state budget and shew the amount to be borne by Local fund general, on the basis of past actuals, as a lump sum deduction at the end. This arrangement is adopted merely as a matter of convenience for the present and does not necessarily mean that the services of persons employed in institutions hitherto borne on the Local fund general budget are transferred to state funds. The position of the Local fund general in future in respect of expenditure on industrial and technical education will be one of the subjects to be investigated by the Local funds finance committee of the Economic Conference, and the question will be finally settled only when Government have passed orders on the report to be submitted by that committee.

67. Another minor head under Education the increase under which is very noticeable in the budget for the current year is *Grant-in-aid*, under which a sum of 3,97 is provided. This includes a special grant of 1,00 to the Village school fund for elementary school buildings. As a sum of 50 is provided for this purpose in the budget of the Village school fund from the resources of the fund itself, the amount that will be available this year for the better housing of primary schools will be 1,50. A similar amount was also available last year and arrangements were made by the Inspector General to utilize the amount by building masonry school houses according to type designs in about 75 large villages through the agency of the Public works department. It is apprehended, however, that some part of the amount has lapsed owing to non-completion of the works before the end of the year 1912-13.

68. Besides the extra provision amounting to 1,32 for technical and industrial education and the provision of one lakh for village school buildings, the estimates for 1913-14 contain a further lump sum provision of one lakh for the extension of primary education. There was a similar grant last year, and a considerable part of it was utilized by opening additional primary schools and improving existing ones.

69. Several schemes submitted by the Inspector-General of Education were under consideration of Government at the end of the last year. These included proposals for reorganizing the educational grades, revision of pay of vernacular school teachers and opening public libraries. As these cases are still under consideration, definite provision could not be made in the budget in respect of them; but funds to a moderate extent may be available out of the lump sum grant referred to in para 35 if some of the schemes are sanctioned during the year.

Muzrai, Medical and Scientific Departments.

70. There is little room for fluctuation under *Muzrai* expenditure as the bulk of the charges amounting to a little under $3\frac{1}{4}$ lakhs consists of fixed endowments. The institutions benefited by these grants are Chatram or rest-houses where travellers get shelter and in some cases food also, temples and mosques, matts and other similar institutions. Under *Medical*, provision has been made nearly on the same scale as last year with an increase only under *Medical Stores*. The grant for Europe medicines under this minor head has been fixed at 90 instead of 70 in the preceding year. Under the head *Sanitation and Vaccination* a provision of 1,48 is made in the budget against 1,10 spent last year. The provision under sanitation and vaccination generally includes a grant of 50, for plague charges; and though the expenditure under this head last year was only about 21, it is considered desirable to retain the full provision this year. According to

the present arrangement, the charges for the suppression and prevention of plague have to be ordinarily met from municipal and local funds. This provision in the state budget is intended to supplement the resources of the local bodies whenever such a course is considered necessary to ensure prompt and effective steps being taken in cases of outbreak.

71. As regards branches of the public service included under the head "Scientific and Minor departments," there is no appreciable change in the expenditure under *Meteorological, Mines Inspection, Museum and Public Exhibitions and Fairs*. In the Geological department a special provision has been made for preparation of Geological maps. An extra provision of 8 for bringing out a monograph on Chalukyan buildings forms the special feature of the Archaeological budget besides small additional allotments for apparatus, materials and furniture, for employing a half-tone engraver and an indexer and for extended touring of the officer in charge. The grant sanctioned for the Agricultural department includes provision for the revision of the labour establishment of the Hebbal farm recently sanctioned by Government and amounts to 88 against an expenditure of 63 in the revised estimates. A very large scheme of development and reorganization submitted by the Director is also under the consideration of Government, and if any part of the scheme is sanctioned by Government during the current year funds to some extent will be available out of the lump sum grant referred to in para 35 for giving immediate effect to the changes. About the Amrut mahal department a proposal from the Military Secretary for increasing the pay of sevgars, moondals, graziers and nagams who are in actual charge of the cattle herds and whose cash emoluments range from Rs. 3 to Rs. 7 a month is under consideration, but the case has not yet reached a stage when definite budget provision in respect of it can be made. The proposals submitted by the Revenue Commissioner for the development of the Civil veterinary department by the opening of a number of additional dispensaries is similarly under consideration.

72. In respect of *Botanical and other public gardens* arrangements have been made for funds for special improvements to the Cubbon Park at Bangalore in the vicinity of the Public Offices and provision has also been made for additional water carts. For the Daria Doulat Bagh at Seringapatam a special provision has been made for temporary cooly labour.

73. For the Census department a small provision of 4 is retained for completing the printing of village tables. Under *Ethnographical Survey*, the direct charge of which is in the hands of Mr. H. V. Nanjundayya, Senior Councillor, a special provision of 2 is included for the preparation of photographs and drawings in connection with the comprehensive work on the Ethnography of Mysore which is intended to be published. In respect of the head *Examinations*, the provision this year is 14 against the actual expenditure of about 5 in the two preceding years. This is due to the fact that the Mysore civil service examination, the revised rules in respect of which were published in January 1913, will be held this year after a lapse of four years, the last examination having been held in November 1909.

74. The provision made for the Registrar of Co-operative Societies and his staff is considerably higher than the level of previous years. The actuals for 1911-12 for the department stood at 21, the revised for 1912-13 is about 26 and the provision in the estimate for the current year is 39. This increase is due partly to the improvement of the pay of the Registrar who is now classed along with the Deputy Commissioners and partly to additional temporary establishment having been sanctioned for the department. As regards the department of Industries and Commerce it has already been stated that it was organized about the middle of the last year. A provision of 89 is made for this department which includes 10 for industrial experiments and 5 for collection and compilation of commercial and industrial statistics.

Miscellaneous.

75. The head *Allowances and Assignments under Treaties and Engagements* is meant for shewing payments on account of political pensions and for maintaining the historic tombs and cemeteries at Seringapatam, and usual provision amounting to 86 has been made for these purposes. The expenditure on account of super-

annuation allowance and pensions continues in its steady upward course and the provision for this in the budget amounts to 7,77. Under *Stationery and Printing* there is special provision for centralized purchase of type-writing and carbon papers for all offices, for the publication of the Mysore Government art calendar, for more electric power to the Government press at Bangalore and for travelling expenses of the two press probationers for visiting paper mills during their period of training in England. An application from the Superintendent, Government Printing, for purchase of machinery, type and plant to the value of 15 is under the consideration of Government, and if sanction is accorded for any purchase in accordance with the superintendent's recommendation, the necessary funds will have to be found from the lump sum provision referred to in para 35.

76. Under the head *Miscellaneous* there are only two features to be noticed. The first is the large excess over the budget and revised for last year under the head *Contributions*. This is chiefly due to fluctuations in the grant to the Mysore City improvement trust. Under the standing arrangement, sufficient grant has to be allotted to the improvement trust in the state budget for each year to make the total amount at the disposal of the trust 3 lakhs including other receipts and the opening balance of the year. The opening balance for the last year being heavy and that for this year small, the grant for this year is necessarily larger. The second feature of the grant under this head is the lump sum grant of 5,00. This is intended to cover any special expenditure on account of reception of important personages that may be necessary during the year and the cost of such of the departmental schemes now before Government as may be sanctioned during the year and given effect to at once.

Military.

77. In the budget of the Military department, full provision is made for the sanctioned scale of officers, non-commissioned officers and men in all branches of the army and for the usual items of supplies and services. The special provision of 16 in the last year's budget for the purchase of rifles for the Barr lapsed and has been reprovided in the current year's budget in addition to 8 allotted for the current year's instalment of the purchase. For the relief of the Barr infantry at Shimoga a provision of 12 has been made. It may be noted that the total expenditure of the state as per estimates for 1913-14 under the group head *Army and Defence* including army proper, subsidy to British government and military works comes to 50,56, and this works up to 19·6 per cent of the total revenues of the state and 22·8 per cent of its revenues excluding the fortuitous receipts under mining royalty and the Cauvery power scheme.

Public Works.

78. The state grant for public works has been fixed at 30 lakhs. If out of this the grant of 1,19 for military works is deducted, the allotment for public works proper, i.e., major and minor irrigation and civil works, is seen to be 28,81 of which 8,83 is provided for irrigation and 19,98 for civil works including communications and buildings. The following is a list of important public works for which allotments have been made in the budget for 1913-14. The allotments constitute in most cases only a small part of the total estimate for each work:

1	Constructing a new tank across Maralwadi stream of Kankanhalli Taluk	...	60,000
2	Restoring Bolappanhalli Tank, Closepet Sub-Taluk	...	10,000
3	Constructing a new tank across the Markandeya stream in Bowringpet Taluk	...	15,000
4	Do a new tank at Thamladi of Maddagiri Taluk	...	5,000
5	Do a new tank at Nidesale, Kunigal Taluk	...	5,000
6	Improving and extending Hemagiri Channel	...	10,000
7	Restoring Madvamantri Anicut	...	8,000
8	Improving and extending Mandigire channel	...	10,000
9	Constructing a new tank across Vadli stream in the Hunsur Taluk	...	25,000
10	Restoring Mallur tank, Hunsur Taluk	...	5,000
11	Do Manchipatna Hutchekere tank, Nagamangala Taluk	...	8,000
12	Improving and extending the south channel of Sriramdevarydam, Hole-Narsipur Taluk	...	10,000
13	Constructing a new tank at Sowlanga, Honnali Taluk	...	5,000
14	Raising the weir of Kubtoor tank, Sorab Taluk	...	3,000

15.	Feeding the tanks in the Tarikere valley from Nagannana Anicut, Tarikere Taluk.	16,000
16.	Constructing Barr Sepoy's huts and officer's quarters ...	14,500
17.	Do a new Taluk Cutcherry at Sidlaghatta ...	10,000
18.	Do a new girls' school at Kolar ...	5,000
19.	Do quarters for Police constables at Kolar Gold Fields ...	16,000
20.	Do Chamarajendra Technical Institute, Mysore ...	10,000
21.	Improving General Hospital at Mysore ...	75,000
22.	Constructing permanent structure for accommodating the L. S. Regiment near Woddarpalya, Mysore.	50,000
23.	Constructing Sandal-koti at Shimoga ...	1,500
24.	Do a new Taluk Cutcherry at Honnali ...	8,000
25.	Improving and extending the workshop attached to the water-supply and stores division.	10,000
26.	Re-construction of Palace at Mysore ...	29,000
27.	Construction of residential block to the new Palace ...	50,000
28.	Do of office block do ...	50,000
29.	Do marble canopy over the statue of H. H. the late Maharaja of Mysore.	10,000
30.	Opening out a bridle path to the Talgoppa Aralgode road from Ghat head to the Mysore frontier.	3,000
31.	Widening the Talgoppa-Aralgode-Bankole road ...	7,000
32.	Improvements to the Vanivilas Water-works ...	75,000
33.	Enlargement of the water margin of the Chamarajendra Reservoir ...	3,000
34.	Malleswaram extension, Bangalore City ...	14,000
35.	Basavangudi extension do ...	14,000
36.	Drainage of Mutt extension ...	13,500

It will be seen from the detailed budget estimates herewith printed that out of 28.81 allotted for irrigation and civil works, 10.18 is for maintenance and repairs, 5.96 for establishments and tools and plant and 12.67 for original works. The figures arranged according to major heads are 5.55 for irrigation major; 3.28 for irrigation minor and 19.98 for civil works, i.e., for buildings, communications and public improvements. Besides the items enumerated above, there is, as already noticed a special allotment of 30.40 in the budget for the Kannambadi reservoir.

CAUVERY POWER SCHEME.

79. The total revenue expected from the Cauvery power scheme during 1913-14 is 17 lakhs, of which 14.25 is expected to be received from the Sivasamudram-Kolar section, 1.26 from the Bangalore city section, .82 from the Civil and Military Station, Bangalore, and .67 from the Mysore city section. The ordinary expenditure aggregates 7.82 which includes 7.08 for working expenses and depreciation and .74 for capital expenditure. The more important items of capital work are :—

1.	Constructing cooly lines at Sivasamudram ...	17,000
2.	Constructing quarters for the assistant chief line inspector and telephone maistry at Kankanhalli ...	2,000
3.	Re-constructing two operator's quarters at Sivasamudram ...	8,000
4.	Extending Chief Electric Engineer's office at Bangalore ...	3,500
5.	Equipment of the Mysore transmission line with alluminium lightning arresters ...	2,000
6.	Interior Power and Lighting— Bangalore City ...	15,000
	Bangalore Civil and Military Station ...	18,000
	Mysore City ...	10,000

Besides these works there is of course the special grant of 13.05 for the fourth installation of the scheme.

LOCAL FUNDS.

80. The several local funds materially supplement the state fund expenditure in many directions specially under public works, education, sanitation and medical

relief. The following statement shows the opening balance and the estimated receipts and expenditure of these funds during the year 1913-14:—

Name of fund	Estimated balance on 1st July 1913	Estimated receipts for 1913-14	Total	Estimated expenditure for 1913-14	Estimated balance on 30th June 1914
Local Fund General	...	1,90,000	...	*1,94,000	...
District Funds	3,88,268	8,74,738	12,63,006	9,95,265	2,67,741
Municipal Funds	7,37,204	9,88,573	17,25,777	10,40,207	6,85,570
Irrigation Cess Fund	1,24,592	2,61,980	3,86,572	2,52,520	1,34,052
Village School Fund	46,425	3,69,394	4,15,819	4,12,761	3,058†

* Estimate not sanctioned by Government.

† Also has an invested balance of 1½ lakhs.

81. The total expenditure from the several funds enumerated above amounts to 28,95. Of this roughly speaking 11,44 is for public works, 4,93 for education, 4,08 for sanitation and 1,62 for medical relief. It has to be mentioned however that about 92 of the expenditure of local funds on medical relief is shown in the state budget as contribution receipts under *XV Medical* and about 78 out of the state expenditure under *18 Education* is shown as a receipt in the budget of the village school fund. In this way the state budget and the local fund budgets overlap each other to some extent, and these contribution items have to be allowed for in calculating the total expenditure in any department by adding the figures of the state and the local fund budgets.

82. The receipts under District funds are expected to be 8,75 and the expenditure 9,95, i.e., 1,20 in excess of the receipts. This amount will of course be drawn from the opening balance. Similarly the receipts under Municipal funds are estimated at 9,89 and the expenditure at 10,40, the difference of 51 being drawn from the balance. In the case of Village school fund also the expenditure is expected to exceed the receipts by about 44 on account of the usual provision of 50,000 for improved village school buildings, and the excess will be met from the cash balance at the credit of the fund. It is thus seen that, in the case of all the local funds referred to in the statement in para 80 with the exception of the local fund general and irrigation cess fund, the expenditure provided for is in excess of the receipts and a reduction in the balance at the credit of the funds is anticipated.

83. As regards District funds, about two-thirds of the income of which is spent on public works, the excess of proposed outlay over the expected income is chiefly due to increased grants for roads and buildings. In the case of the municipal funds comparatively large provision for expenditure is made in the Bangalore city for improved communications and buildings in the city.

84. One important feature of the local fund transactions is the financing by the District Board, Kolar, of a scheme for the construction of a 2' 6" gauge light railway between Kolar and Bowringpet by raising debentures in the open market. A sum of Rs. 3,75,000 has been subscribed for by the public of Mysore and the Kolar district fund budget for 1913-14, includes provision for interest on this loan. Construction of the railway has also been commenced through state agency, and a sum of Rs. 26,000 spent up to end of June 1913. A sum of 2 lakhs is proposed to be utilized for expenditure in the year 1913-14. Several other district boards are investigating the possibility of financing railway undertakings in their respective districts, but no definite scheme has as yet been sanctioned in respect of any of them.

WAYS AND MEANS.

85. Thanks to the exceedingly favourable results under the revenue heads in the year just closed, the question of ways and means during the year 1913-14 does not present any appreciable difficulty. The cash balance on 1st July 1913 in our treasuries and with our bankers was 112,15, and we have two temporary investments one for 25 lakhs the term for which expired in July 1913, and another for 35 lakhs.

which will be available early in May 1914. The transactions under the debt heads, the most important of which are the savings bank and insurance fund transactions, and also some deposits and loans, are expected on the whole to result in substantial augmentation of our balances. But without counting on any help from a rise of the debt head balances or even allowing for the remote contingency of their falling off to some extent, the cash balances and the investments referred to above may be safely expected to carry us through the current year without the necessity of touching our more permanent investments. According to the present scale of expenditure, we should want, with a balanced budget, a sum of 80 lakhs at the most on 1st July to carry us to the next revenue season. In the special circumstances of the current year another 25 lakhs is required for outlay during the first seven months of the financial year on special capital works. Against this we have in July 112 lakhs plus 25 lakhs, or an excess of 32 lakhs over our normal requirements for the first seven months of the financial year. This will be ample provision against the excess of expenditure amounting to 56,58 for the entire year, which the budget for 1913-14 works up to. Should, however, any difficulty arise towards the end of the year, we have the other investment of 35 lakhs due for repayment on 2nd May 1914 to fall back upon.

General Financial Situation.

86. The situation disclosed by the figures of the budget and the results worked out in para 38 require careful consideration. It is seen that the whole revenues and receipts of the state including the mining and the power revenues will be practically absorbed by the expenditure included in the regular budget, a surplus of only 8,72 being left. The expenditure on special capital works for which a provision of 65,10 is included in the budget is of course outside this calculation. The point for consideration in this connection is this, *viz.*, how far this position is sound in view of the fortuitous nature of the mining and attendant revenues.,

87. A satisfactory solution of this question would require a careful analysis of the expenditure side of the budget into obligatory and recurring items on the one hand, and optional and non-recurring items on the other. There can be no objection to make optional and non-recurring grants for useful purposes out of the fortuitous revenue. But if after the exclusion of purely optional and non-recurring grants, the expenditure included in the regular budget be yet found to be in excess of the permanent revenues of the state, the position will be one of depending on fortuitous revenue to some extent for expenditure of a permanent character, and great care will be necessary in its adjustment.

88. An analysis of the budget estimates for 1913-14 now published shows that there is an excess of recurring expenditure over the permanent revenues and that the fortuitous revenues are drawn upon to some extent to make up this difference. But it must be remembered that our revenue from the mines, though from its very nature temporary, is likely to remain steady for a number of years to come and its shrinkage will be a slow and gradual process, allowing time for financial readjustment. As regards the power revenue, it is at present chiefly dependent on the mines ; but there are some who think that it should not be classed as fortuitous revenue at all and maintain that there would not be much difficulty in disposing of on fair terms to prospective industrial concerns any block of power which the mines may find it necessary to resign when their operations begin to contract. In these circumstances it seems permissible to utilise the mining and power revenues to a moderate extent for developing education, agriculture, industries and commerce within the state and for introducing other useful reforms calculated to improve the material and moral condition of the present as well as the future generations. The raising of the level of recurring expenditure beyond that of permanent revenues is, however, a serious matter, and should be done only on the basis of most careful calculations.

89. This is not the place to pursue this subject further, as it concerns not only the budget for the particular year under consideration but is an important question of general financial policy. The subject has been discussed separately in

the Financial department and the limits up to which fortuitous revenue can be utilised for adding to recurring expenditure in anticipation of the growth of permanent revenue have been investigated in detail and definitely laid down.

BANGALORE,
23rd July 1913.

J. S. CHAKRAVARTI.